

Message Text

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62

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 L-02 CIAE-00 COME-00 DODE-00

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P 092330Z MAY 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC PRIORITY 6721

LIMITED OFFICIAL USE GUATEMALA 2441

E.O. 11652: N/A

TAGS: EWWT, GT

SUBJECT: DELTA FLOMERCA PROBLEM

1. IN EFFORT OBTAIN FLOMERCA MANAGEMENT'S ATTITUDE TO CRUCIAL MAY 14-15 NEGOTIATIONS WITH DELTA IN MIAMI, EMBOFFS HAD LUNCHEON MEETING WITH FLOMERCA PRESIDENT MARTINEZ DEL ROSAL AND MANAGER MIRON ON MAY 9.

2. DURING MEETING MIRON DID MOST OF TALKING ON FLOMERCA SIDE. MAJOR POINTS MADE BY FLOMERCA WERE: A) COMPANY AWARE THAT MAIMI MEETING IS LAST CHANCE FOR AMICABLY NEGOTIATED AGREEMENT TO BE REACHED BETWEEN TWO LINES. IF NO AGREEMENT REACHED, FLOMERCA WILL SIT BACK AND WAIT FOR FIREWORKS TO DEVELOP. FLOMERCA OFFICIALS ARE COGNIZANT OF POTENTIAL RETALIATORY U.S. STEPS.

B) FLOMERCA'S POSITION AT MIAMI WILL BE TO ATTEMPT CONVINCE DELTA TO SETTLE FOR FREQUENCY OF SAILINGS AGREEMENT, I.E., 12 SAILINGS A YEAR FOR FLOMERCA VS. 8 SAILINGS A YEAR FOR DELTA, AS LARGER CAPACITY OF DELTA SHIPS MEANS THAT OVER THE YEAR BOTH LINES WOULD CARRY APPROXIMATELY SAME AMOUNT OF CARGO. MARTINEZ CLAIMED THAT IN RECENT OPERATIONS FLOMERCA SHARE OF GULF TRADE HAS FALLEN OVER 30 PERCENT, WHICH COINCIDENTALLY IS ROUGHLY EQUIVALENT TO TONNAGE CARRIED BY DELTA UNDER WAIVERS.

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C) LONGCOPE OF HILL NASH & BETTS, FLOMERCA'S U.S. LAWYERS,

ADVISED FLOMERCA THAT UNDER U.S. LAW GUATEMALAN RESERVE CARGO DECREE 41-71 IS NOT DISCRIMINATORY AS IT APPLIES ONLY TO PORTION OF IMPORT TRADE AND DOES NOT EFFECT EXPORTS.
D) FLOMERCA IS OPTIMISTIC THAT AN AGREEMENT WILL BE REACHED IN MIAMI.

3. REGARDING THE RECENTLY CHARTERED THIRD GUATMALAN FLAG LINE, LINEAS MARITIMAS DE GUATEMALA, MORON SAID THAT IT WILL ONLY CARRY BULK CARGO BETWEEN THE GULF COAST AND GUATMALA AND, THEREFORE, WILL NOT COMPETE WITH EITHER DELTA OR FLOMERCA.

4. COMMENT: DESPITE FLOMERCA'S OPTIMISM AT ARRIVING AT A NEGOTIATED AGREEMENT WITH DELTA DURING SCHEDULED TWO DAYS OF MEETINGS, THE EMBASSY IS PESSIMISTIC ABOUT THIS OCCURRING.
FOR ONE THING, ALTHOUGH IT WAS MORON WHO EXPRESSED THE OPTIMISM, IT IS MARTINEZ WHO MAKES MOST OF THE DECISIONS AND HE DID NOT SPEAK UP IN SUPPORT OF MIRON. FROM WHAT MIRON AND MARTINEZ TOLD US, IT APPEARS THAT TWO SIDES ARE STILL FAR APART FROM RESOLVING THEIR DIFFERENCES AND A HARD BARGAINING SESSION IS AT HAND.
WHILE FLOMERCA AND THE GOG ARE COGNIZANT OF PROBABLE CONFRONTATION THAT COULD ARISE IF NEGOTIATIONS FAIL, THEY GIVE EMBASSY OFFICERS IMPRESSION THAT THEY DON'T REALLY BELIEVE SEVERE RETALIATORY MEASURES WILL BE TAKEN AGAINST GUATEMALA BECAUSE OF THIS "TRIFLING" DISPUTE. THEIR ATTITUDE WAS PERHAPS BEST REVEALED BY MIRON WHO LAUGHINGLY ADMITTED THAT HE HAD BEEN "STALLING" DELTA BUT NOW REALIZED THAT THAT GAMBIT HAS BEEN OVER EXPLOITED. NO EMBASS EFFORT TO CHANGE THIS BELIEF HAS MET WITH SUCCESS. IN RESPONSE TO QUESTIONS, MIRON SAID THAT NEITHER FONMIN MOLINA NOR ECONMIN PALOMO HAD RECENTLY CONTACTED FLOMERCA. AS DEPARTMENT AWARE, AMBASSADOR AND EMBOFFS IN PAST TWO WEEKS HAVE SOUGHT INVOLVEMENT OF THOSE OFFICIALS. ON OTHER POINT, EMBASSY NOW ABLE TO CONFIRM THAT FINE WAS PAID BY SHIPPERS FOR A SHIPMENT CARRIED ON DELTA IN EARLY 1974 FOR WHICH FLOMERCA HAD NOT GRANTED A WAIVER.
MELOY

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